

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7909**

**BILL NUMBER:** SB 626

**NOTE PREPARED:** Apr 1, 2005

**BILL AMENDED:** Mar 31, 2005

**SUBJECT:** Riverboats.

**FIRST AUTHOR:** Sen. Clark

**FIRST SPONSOR:** Rep. Whetstone

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) *Gaming Commission Membership:* The bill reduces the number of Gaming Commission members who must be residents of the counties along Lake Michigan and the Ohio River.

*Riverboat Inspections:* The bill provides that a riverboat operating in a county along Lake Michigan or the Ohio River must have either a valid certificate of inspection from the United States Coast Guard or a valid certification of compliance with marine structural and life safety standards determined by the Gaming Commission.

*Riverboat Gaming Agents:* The bill requires the Gaming Commission to employ its own gaming agents to perform certain statutory duties and removes the Commission's authority to contract with others for the performance of those duties. The bill provides that gaming agents who complete a pre-basic training course and any other courses established by the Gaming Commission may exercise certain police powers without completing the basic training course provided at the law enforcement academies. The bill also provides that gaming agents are members of the State Excise Police and Conservation Officers' Retirement Plan.

**Effective Date:** (Amended) Upon Passage; July 1, 2005.

**Explanation of State Expenditures:** (Revised) *Riverboat Inspections:* The bill would allow a riverboat casino on Lake Michigan or the Ohio River to continue operating provided it has a valid certificate of compliance with marine structural and life safety standards determined by the Indiana Gaming Commission (IGC). This certificate would be in lieu of the certificate of inspection (required under current statute) for carrying at least 500 passengers from the U. S. Coast Guard. As is the case with current Coast Guard inspections, the full cost

of the alternative structural and life safety inspection presumably would be paid by the riverboat owner.

The U. S. Coast Guard issued a notice on June 21, 2004, in the Federal Register indicating that it intends to discontinue inspecting and issuing certificates of inspection for vessels that do not get under way or have difficulty getting under way (a permanently moored vessel). The proposed rules are scheduled to take effect on January 1, 2006. According to the Indiana Gaming Commission (IGC) some jurisdictions have utilized third party inspections with retired Coast Guard inspectors using Coast Guard inspection standards.

*Riverboat Gaming Agents:* The bill would result in a transfer of investigative and enforcement positions from the Indiana State Police (ISP) to the Indiana Gaming Commission (IGC). The IGC would not experience an increase in administrative expenses due to the transfer of these positions, however, because it currently obtains investigative and enforcement services necessary for riverboat operations through an interagency agreement with the ISP. The salary, fringe benefit, and equipment costs relating to these investigative and enforcement services provided by the ISP is annually reimbursed by the IGC. The money for this reimbursement is obtained by the IGC from the riverboat owners and, for license-related investigations, from the licensees themselves. Under the bill, these costs would continue to be reimbursed by the riverboat owners and licensees.

In contrast, the ISP would experience a reduction in administrative expenses as gaming enforcement personnel are released or are reassigned to vacant positions. According to the February 2, 2005, state staffing table 105 enforcement officers are employed by the ISP in the Gaming Enforcement Division. However, reductions in Gaming Enforcement Division personnel could potentially be accomplished through reassignment of these personnel to currently vacant enforcement positions in the ISP and positions vacated through normal attrition. Excluding vacancies in the Gaming Enforcement Division, the February 21, 2005, state vacancy report indicates that the ISP has 123 vacant enforcement positions, including 68 at the rank of Trooper and 42 at the rank of Sergeant. (This total does not include 50 Trooper Recruit positions also reported as vacant.) In addition, the ISP experienced the following attrition through retirements and resignations of enforcement personnel during the last three years: 60 in 2002; 42 in 2003; and 62 in 2004.

*Background:* The February 2, 2005, state staffing table indicates that the ISP Gaming Enforcement Division comprises 111 enforcement officer positions, six of which are vacant; and 8 civilian support positions, 6 of which are vacant. According to the staffing table, the current annual cost of salary for Division employees is about \$4.9 M. Assuming an additional 37% in cost for fringe benefits (about \$1.8 M), total annual salary and benefit cost of the current staffing of the ISP's Gaming Enforcement Division is estimated to total about \$6.7 M.

The Gaming Enforcement Division is comprised of two units: (1) the Background Investigative Unit (BIU); and (2) the Riverboat Investigative Unit (RIU). The BIU is responsible for conducting background investigations of the owners, key management personnel, and employees of the riverboat license holders and applicants, as well as riverboat supplier license holders and applicants. In addition, the BIU assists the RIU in long-term detailed gaming investigations; the financial evaluation of companies who apply for licenses to ensure they have sufficient resources to provide gaming services; and the investigation of corporate purchasers' "buy-outs" of previous owners. The RIU is responsible for serving as the enforcement arm of the Indiana Gaming Commission on Indiana's ten riverboats. RIU personnel investigate violations of state law and Indiana Gaming Commission rules. The State Police currently utilizes a one-year rotation system to fill vacancies within the RIU. (The BIU is permanently staffed.) It fills approximately 85% through a competitive process and approximately 15% through a lottery system.

**Explanation of State Revenues:** (Revised) *Riverboat Gaming Agents:* The Indiana Gaming Commission currently reimburses the State Police for the cost of the Gaming Enforcement Division. The money for this reimbursement is obtained by the IGC from the riverboat owners and, for license-related investigations, from the licensees themselves.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Gaming Commission; Indiana State Police.

**Local Agencies Affected:**

**Information Sources:** Indiana State Police, *2002 Annual Report & 2003 Annual Report*. Bradley Scully, Indiana State Police, 317-232-6265. American Gaming Association, <http://www.americangaming.org>.

**Fiscal Analyst:** Jim Landers, 317-232-9869.